

# INDIRECT TAX INDEMNIFICATION AGREEMENT

This Indirect Tax Indemnification Agreement (the "Agreement") is entered into as of \_\_\_\_\_, 20\_\_\_\_\_  
\_\_\_\_\_ (the "Effective Date"), by and between:

**Indemnifying Party:** \_\_\_\_\_, a corporation organized and existing under the laws of \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as the "Indemnifier");

and

**Indemnified Party:** \_\_\_\_\_, a corporation organized and existing under the laws of \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as the "Indemnified Party").

Each of the Indemnifier and the Indemnified Party may be referred to individually as a "Party" and collectively as the "Parties."

## RECITALS

**WHEREAS**, the Parties have entered into that certain \_\_\_\_\_ Agreement dated \_\_\_\_\_ (the "Underlying Agreement") concerning \_\_\_\_\_;

**WHEREAS**, transactions contemplated under the Underlying Agreement may give rise to liability for Indirect Taxes (as defined herein); and

**WHEREAS**, the Parties desire to allocate responsibility and provide indemnification for certain Indirect Tax liabilities that may arise in connection with such transactions.

**NOW, THEREFORE** in consideration of the mutual covenants, terms, and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

## 1. DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings specified below:

- a. **"Indirect Taxes"** means any value-added tax (VAT), goods and services tax (GST), sales tax, use tax, consumption tax, service tax, excise duty, customs duty, or any other similar transactional tax, levy, impost, or duty imposed by any governmental, taxing, or fiscal authority, including any interest, additions to tax, or penalties related thereto.
- b. **"Taxing Authority"** means any government, state, municipality, or other political subdivision, or any agency, department, court, or body exercising tax regulatory or assessment authority.
- c. **"Tax Claim"** means any assessment, audit, demand, litigation, proposed adjustment, or other proceeding initiated by a Taxing Authority concerning Indirect Taxes.

## 2. INDEMNIFICATION OBLIGATIONS

- a. The Indemnifier hereby agrees to indemnify, defend, and hold harmless the Indemnified Party and its officers, directors, employees, and affiliates from and against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees and professional tax advisor costs) arising out of, resulting from, or in connection with:
  - i. Any unpaid Indirect Taxes due or assessed in connection with the transactions executed under the Underlying Agreement;
  - ii. Any failure by the Indemnifier to timely file any returns, reports, declarations, or other filings related to Indirect Taxes as required by applicable law; and
  - iii. Any breach of the representations, warranties, or covenants made by the Indemnifier under this Agreement or the Underlying Agreement regarding Indirect Taxes.

- b. The indemnification obligation under this Section 2 shall apply regardless of whether the assessment of such Indirect Taxes occurs during or after the term of the Underlying Agreement.

### 3. NOTIFICATION AND CLAIMS PROCEDURE

- a. If the Indemnified Party receives notice of any Tax Claim for which it intends to seek indemnification under this Agreement, it shall notify the Indemnifier in writing within \_\_\_\_\_ business days of receiving such notice. Failure to provide timely notice shall not relieve the Indemnifier of its obligations except to the extent the Indemnifier is materially prejudiced by such failure.
- b. The Indemnifier shall have the right, at its own expense, to assume and control the defense, compromise, or settlement of any such Tax Claim, provided that the Indemnified Party shall have the right to participate in such defense at its own cost.
- c. The Indemnifier shall not settle or compromise any Tax Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned, or delayed) if such settlement or compromise would impose any ongoing liability, non-monetary obligation, or adverse tax impact on the Indemnified Party.

### 4. MITIGATION AND COOPERATION

The Parties shall cooperate fully with each other in connection with any Tax Claim or filing. Such cooperation shall include, without limitation, the preservation and provision of all relevant invoices, transaction records, shipping documents, exemption certificates, and other documentation necessary to support tax positions, filings, or defenses against assessments.

### 5. LIMITATION OF LIABILITY

Except as otherwise expressly provided herein, the maximum aggregate liability of the Indemnifier under this Agreement shall be limited to \_\_\_\_\_, provided that this limitation shall not apply to liabilities arising from gross negligence, willful misconduct, or fraud of the Indemnifier.

### 6. TERM AND TERMINATION

This Agreement shall commence on the Effective Date and shall remain in effect until the expiration of the applicable statute of limitations for the assessment of the relevant Indirect Taxes by any relevant Taxing Authority, plus an additional period of \_\_\_\_\_ days.

### 7. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by, and construed in accordance with, the laws of \_\_\_\_\_, without giving effect to any choice of law or conflict of law provisions. Any legal action or proceeding arising under this Agreement shall be brought exclusively in the courts located in \_\_\_\_\_.

### 8. MISCELLANEOUS

- a. **Entire Agreement:** This Agreement, together with the Underlying Agreement, constitutes the entire understanding between the Parties concerning the subject matter hereof and supersedes all prior agreements or arrangements.
- b. **Amendments:** No amendment or modification of this Agreement shall be valid unless in writing and signed by authorized representatives of both Parties.
- c. **Severability:** If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall continue in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have executed this Indirect Tax Indemnification Agreement as of the Effective Date written above.

**FOR INDEMNIFIER:**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
By: (Signature)

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Date:

**FOR INDEMNIFIED PARTY:**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
By: (Signature)

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Date: